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**FISCAL IMPACT STATEMENT**

**LS 6959**

**BILL NUMBER:** SB 258

**NOTE PREPARED:** Jan 22, 2010

**BILL AMENDED:** Jan 21, 2010

**SUBJECT:** Reading Deficiencies and Student Retention.

**FIRST AUTHOR:** Sen. Kruse

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Annual Report:* This bill requires additional information concerning ISTEP performance and student retention be included on a school corporation's annual performance report.

*Testing and Intervention:* The bill requires annual reading assessments for students in kindergarten through Grade 3, with intensive reading interventions for students who are not reading at grade level.

*Student Retention:* The bill provides that a student who is not reading at grade level by the end of Grade 3 may not be promoted to Grade 4, and must be provided with intensive reading interventions. It provides certain good cause exemptions from mandatory retention in Grade 3.

**Effective Date:** (Amended) July 1, 2010; July 1, 2012.

**Explanation of State Expenditures:** (Revised) *Annual Report:* The bill requires that the annual report submitted by a school to the Department of Education (DOE) and placed on their website to include program test scores for the reading portion of ISTEP and information on student retention in Grades K-10. The provision could have some minor impact if the current website needed modification, but the impact is probably minor.

(Revised) *Testing and Intervention:* Currently, schools may authorize the school's teachers to administer student diagnostic assessments to allow the teachers to make detailed individual assessments of the educational progress of students in grade levels designated by the State Board of Education. The bill would require schools to give an annual reading diagnostic assessment to all students in Grades K-3. Current law

also requires the state to provide diagnostic tools for schools with actual assessment instruments or computer banks containing appropriate essential skills items. The state is required to develop a list of assessments that can be used. The impact would depend on if the state needed to provide additional assessments. There are approximately 320,000 students in Grades K-3. The current Testing and Remediation appropriation funds the K-2 reading diagnostic. Currently, about 45% of K-2 students take the state-provided test at an expense of about \$2 M. About 48% of 3<sup>rd</sup> graders take the state-provided reading diagnostic test that is paid from the \$4.7 M Early Learning and Reading Diagnostic Assessment appropriation.

The bill also gives a priority for the use of state remediation funding to students that are deficient in reading skills in Grades K-3. The remediation grants from the Testing and Remediation appropriation for FY 2008-2009 were about \$12 M.

The impact would depend on the appropriations made by the General Assembly,

*Student Retention:* The bill requires schools beginning with the 2012-2013 school year to retain third graders who do not pass the reading portion of the ISTEP test. The provision could increase future tuition support distribution since the student would be provided an additional year of school, but the impact would probably not occur until 2021. There is probably no short-term impact.

#### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Annual Report:* Schools could incur some additional costs by having the annual report include ISTEP test scores by subject and student retention information for kindergarten through Grade 10, but the impact is probably minor.

(Revised) *Testing and Intervention:* Some schools are currently using diagnostic tests in Grades K-3 that have been provided by the state or locally acquired. The bill requires intensive reading intervention in addition to classroom instruction following the identification of the reading deficiency of the student. The impact would depend on the cost of the tests and the type of intervention provided. There are about 320,000 students in Grades K-3, and about 24% of the 3<sup>rd</sup> graders taking the ISTEP test did not pass the English/language arts portion of the test. If assessments cost about \$20 per student, then the impact on local schools, including retesting students who failed the first test, would be about \$8 M. Currently, about 45% of K-2 students take the state-provided test at an expense of about \$2 M; an average cost is about \$18.50 per student. The diagnostic testing costs would be offset by the expenditures schools are currently spending on diagnostic testing.

The cost of providing intensive reading intervention for students who exhibit a substantial deficiency in reading would depend on how the instruction is provided. As an example, if about 25% of the K-3 graders were substantially deficient in reading and they were provided 10 hours of intensive instruction with a student/teacher ratio of 3:1, then the cost would be about \$17.5 M. The cost could be partially funded by using their state ISTEP remediation funding.

*Student Retention:* The bill requires that a student who does not pass the reading portion of the 3<sup>rd</sup> grade ISTEP test during the 2012-2013 school year be retained unless there is good cause not to retain the student, and the school is required to provide intensive reading intervention and support to the student. The intervention has to include at least 90 minutes each day of uninterrupted, scientifically based reading instruction that may include:

1. Small group instruction.

2. Frequent progress monitoring.
3. Tutoring or mentoring by a highly qualified teacher.
4. Transition classes containing both 3<sup>rd</sup> and 4<sup>th</sup> grade students.
5. An extended school day, week, or year.
6. Summer reading programs.

The impact would depend on the intervention program the school chooses to implement. As an example, if about 25% of the approximately 80,000 3<sup>rd</sup> graders were retained and were provided an additional 90 minutes of instruction outside of the normal instructional day for 180 days with a student/teacher ratio of about 10:1, then the impact would be about \$23.5 M for the 2013-2014 school year. The additional cost would be offset by any remediation schools are currently providing to the students.

**Explanation of Local Revenues:**

**State Agencies Affected:** DOE.

**Local Agencies Affected:** Local schools.

**Information Sources:** DOE databases, Neil Ruddock, Department of Education, 317-232-6671.

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